



DLA
DEFENSE LOGISTICS AGENCY
Established 1961



The Nation's Combat Logistics Support Agency

DLA Industry Association Leadership Meeting

June 6, 2024

WARFIGHTER ALWAYS



DLA Industry Association Leadership Meeting - Agenda

Agenda:

- Director Welcome & Remarks: 90-day Assessment & Contested Logistics
- DLA Obligations and the Industrial Base
- Mentor-Protégé Program
- Digital Business Transformation (D-BX)
- Demand Forecast Update
- Contested Logistics
- DLA Supplier Survey/MSC Updates
- Question & Answer Session

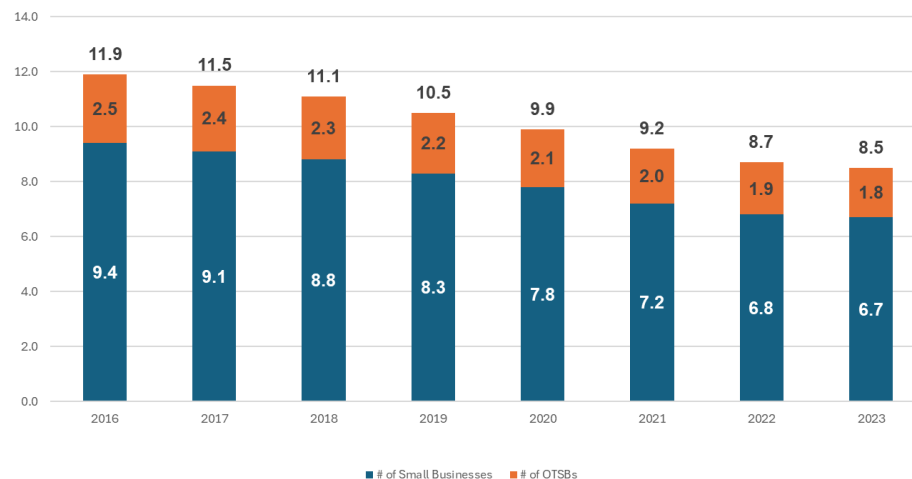


DLA Obligations and the Industrial Base

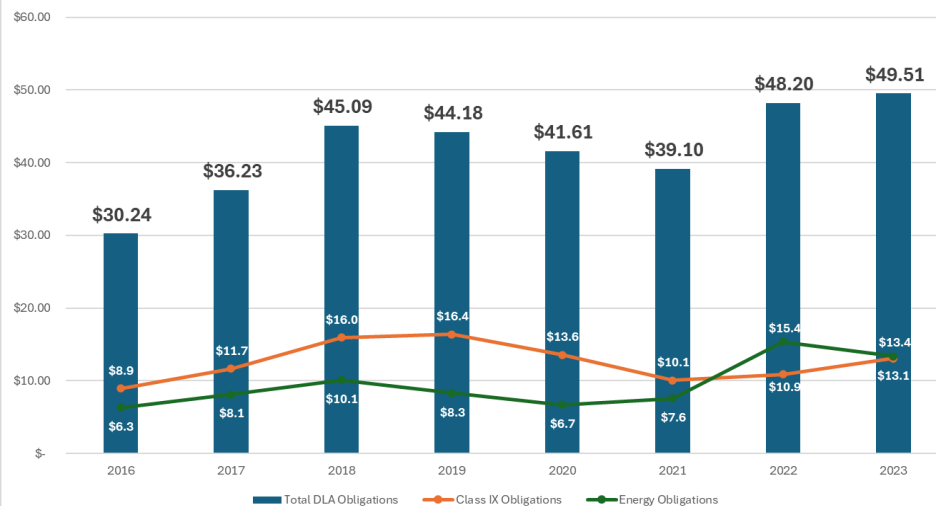
How DLA Does Business:

- FY23 – DLA's Industrial base has declined to 8,500 suppliers
- DLA's Industrial base continues to decline, but the rate is slowing - Rate of decline was 7.1% in FY21 and 3.4% in FY23
- Over 5-million-line items managed
- 10K contract awards per day, >90% automated delivery orders awarded in 1 day
- 87% of awards to domestic suppliers
- Competition on 82.9% of all awards in FY23, exceeding Agency goal of 80%
- 65% of FY23 spend went to the top 1% of DLA suppliers; 35% to top 2-50% of DLA suppliers; and 0.4% to all remaining suppliers.

DLA Industrial Base (Thousands)

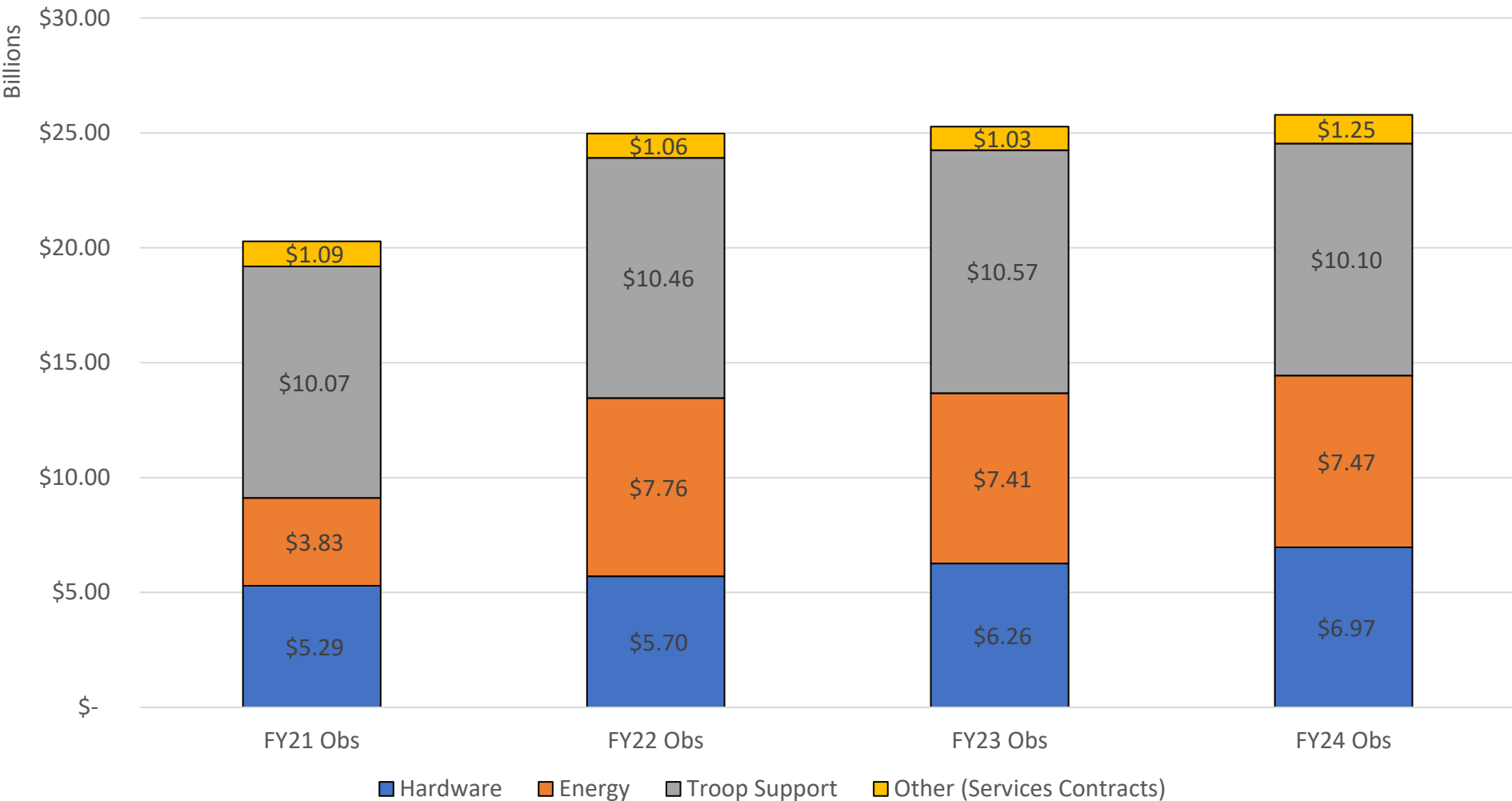


DLA Contractual Obligations (\$Billions)





Year-to-Year Comparison of Obligations: Oct-April



Steady Obligations – Slight Rise Expected in FY25



DLA Small Business Programs Mentor Protégé Program



**MENTOR
PROTÉGÉ
PROGRAM**

Defense Logistics
Agency

- 10 USC 4902

<https://www.dla.mil/Small-Business/Vendor-Opportunities/>



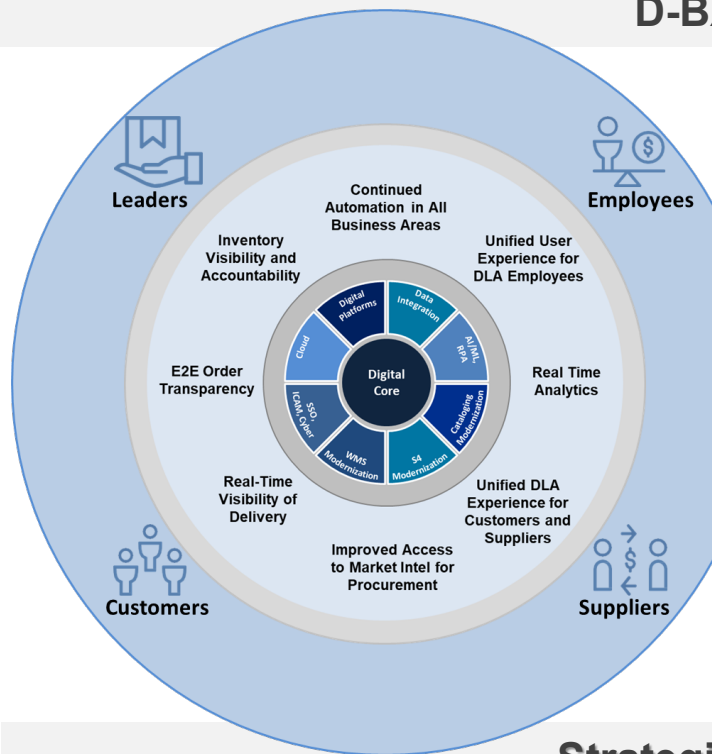


Digital Business Transformation (D-BX) Overview

D-BX Tenets



D-BX Vision



Empower Our People

Modernize capabilities to anticipate future business needs, increase capacity, and shift focus from operational to more strategic work

Enable Emerging Technology

Leverage new and emerging technologies to advance our mission and create a culture of innovation for our customers, suppliers, and workforce

Optimize Operations

Enable operational excellence by simplifying and modernizing DLA's IT landscape and business processes for service and cost efficiencies

Strategic Outcomes

- Enhanced operational support
- Heightened ability to attract and retain talent
- Reduced cybersecurity vulnerabilities
- Faster delivery of parts/materials
- Reduced costs
- Accelerated audit compliance
- Flexible and efficient processes
- Increased employee satisfaction
-
- Unified and intuitive user experiences
-
-

Business Driven Modernization for Improved Productivity, Transparency, and Data-Driven Decisions

Continual Modernization

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Digital Business Transformation (D-BX) Initiatives

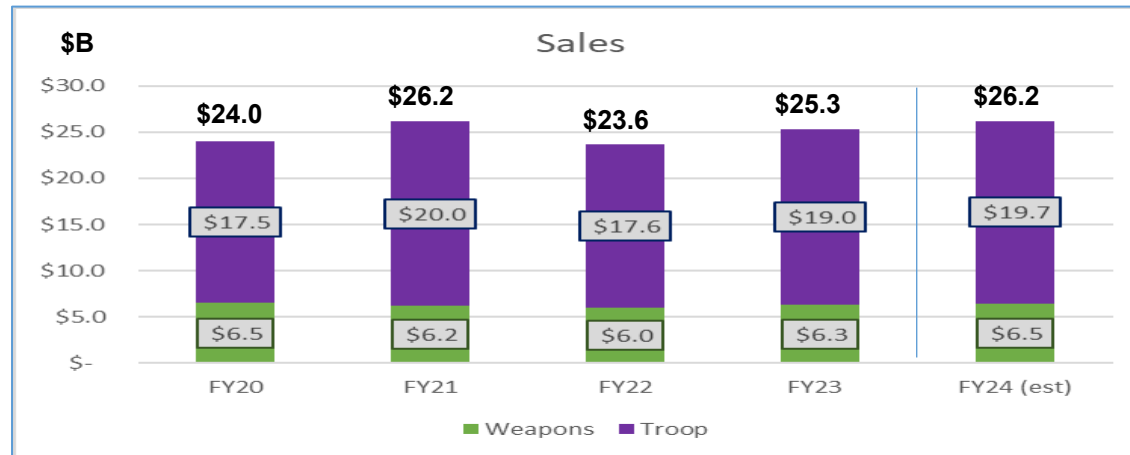
- Distribution Modernization Program (DMP)/Warehousing Management System (WMS)
- ERP Transformation (ERP-X)
- Cataloging Transformation
- Procurement and Acquisition Modernization
- Identity, Credentialing and Assess Management (ICAM)/Segregation of Duty (SoD) Compliance
- Technical Data Management Transformation (TDMT)
- Planning Modernization (Non-Energy)



Demand Projection

Supply Chain Management (SCM)

- Sales fluctuating over the period of FY20 through FY23



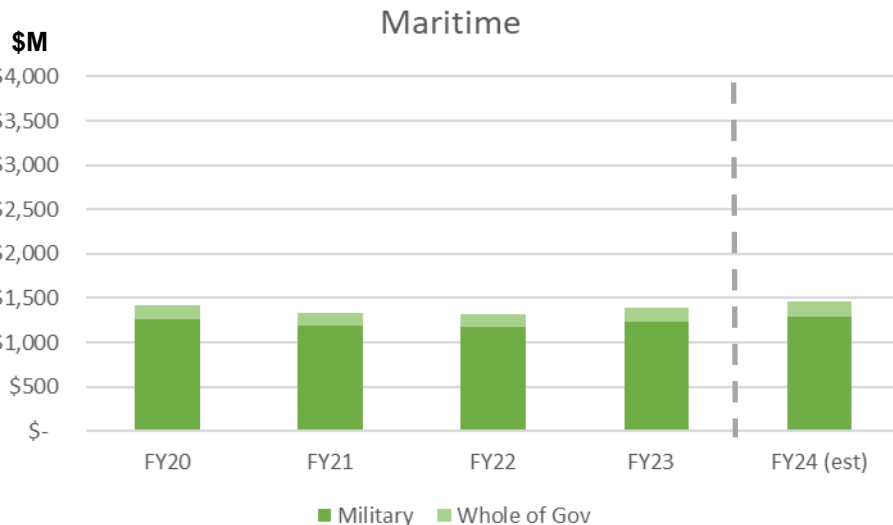
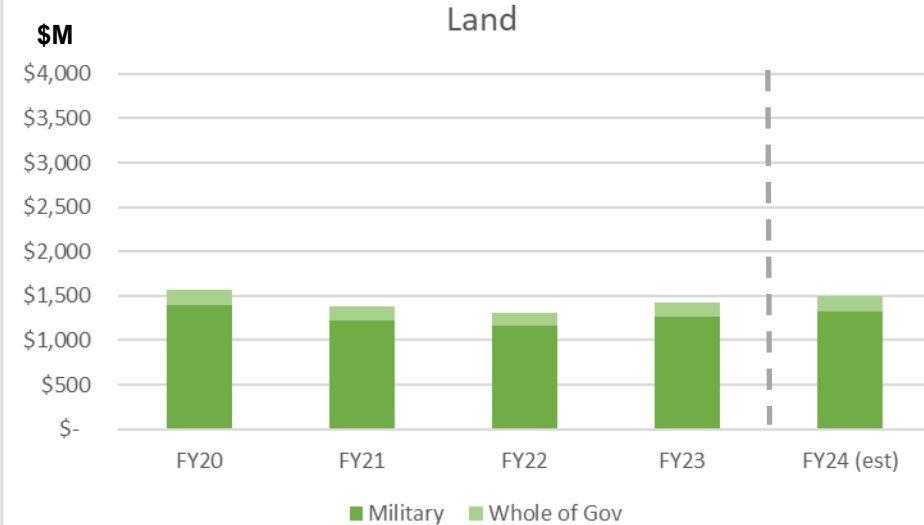
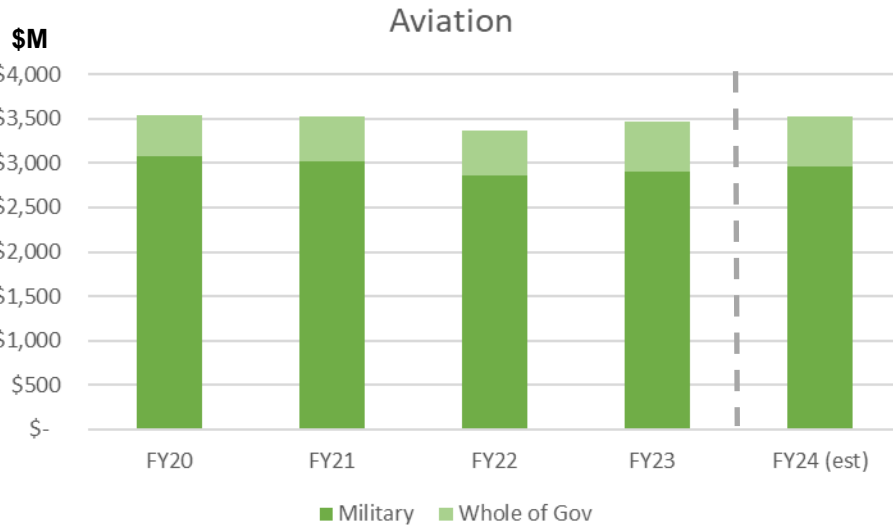
- *Current estimate of most likely SCM Sales for FY25 = \$26.4B*

SCM and Energy

- FY24 demand projected:
 - **3.2%** higher than FY23 for Hardware
 - **3.4%** higher than FY23 for Troop Support
 - **6.0%** higher than FY23 for Energy



Hardware Net Sales at Cost Trends

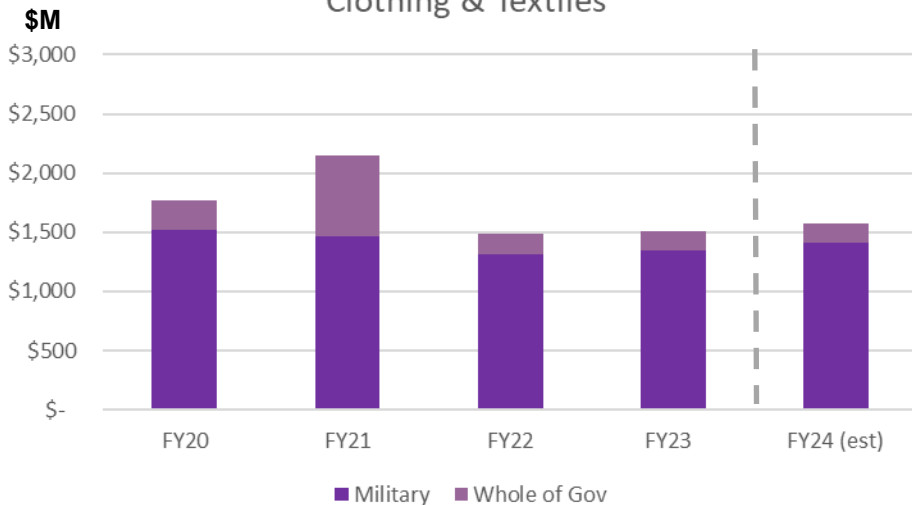


- Mix of sales varies from year-to-year
- FY23/24 heavily influenced by support provided for OCONUS conflicts

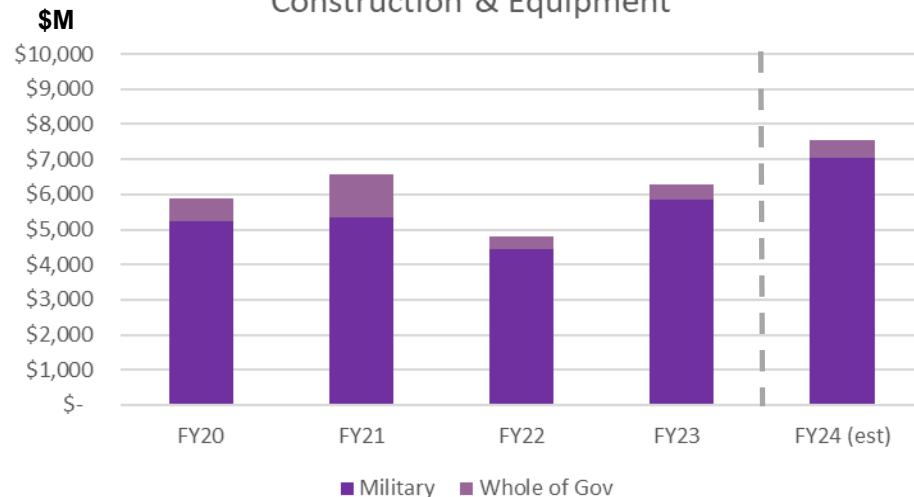


Troop Support Net Sales at Cost Trends

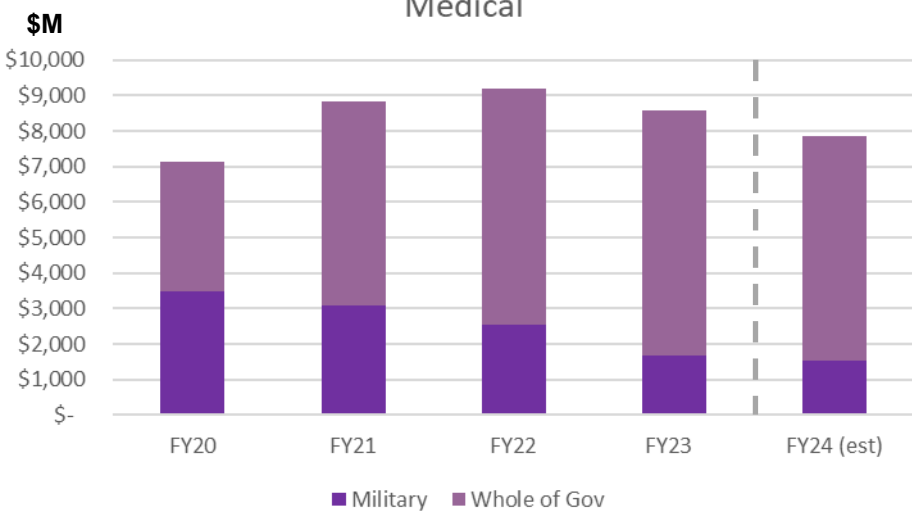
Clothing & Textiles



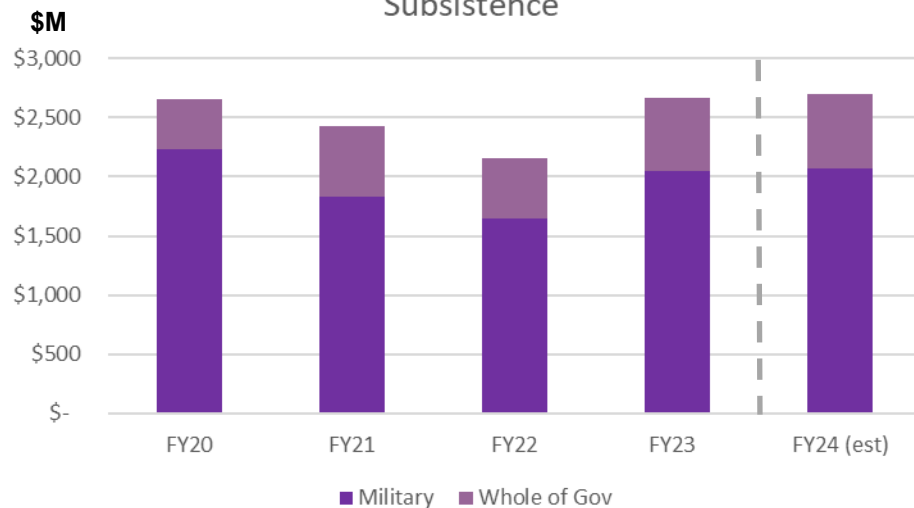
Construction & Equipment



Medical

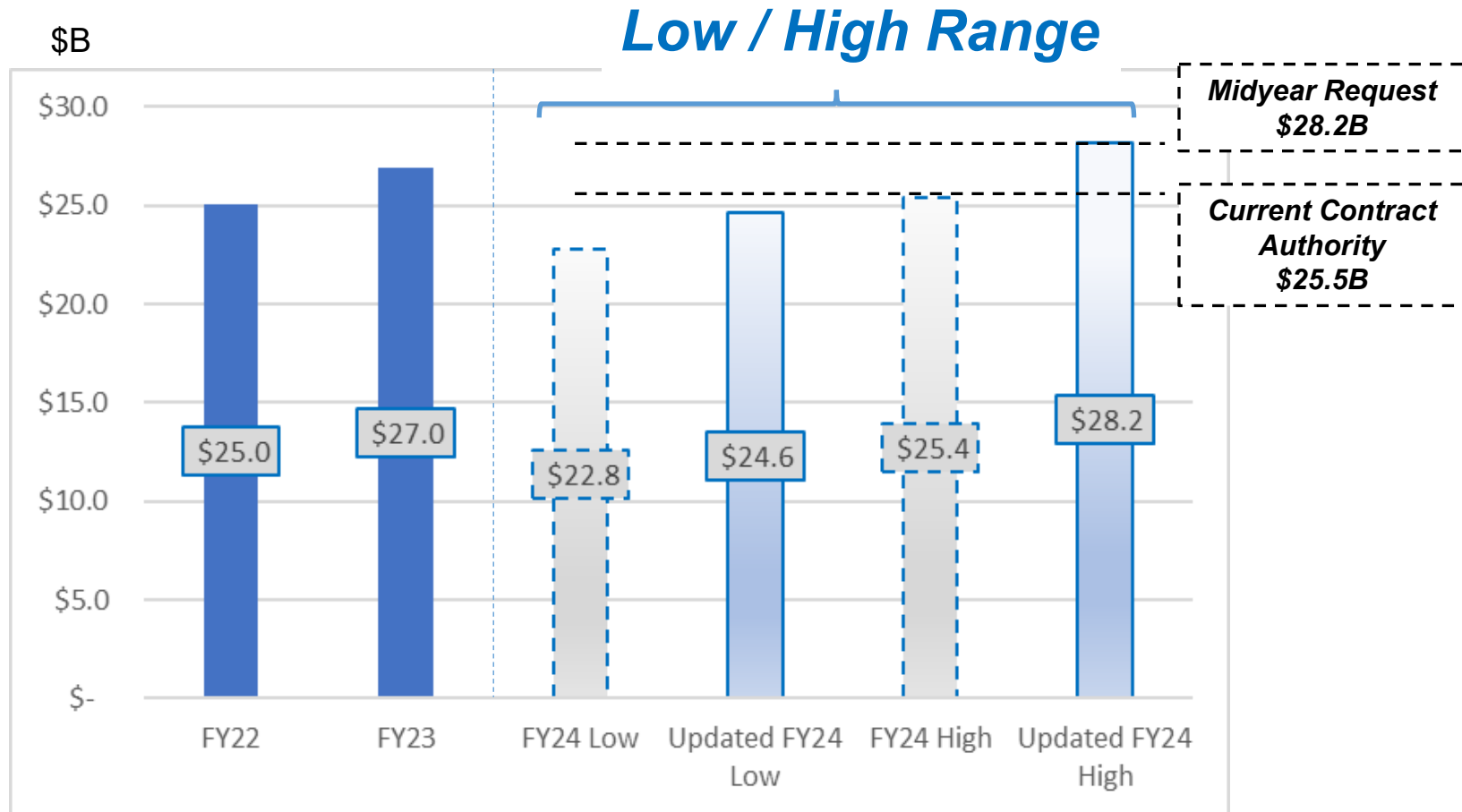


Subsistence





FY24 Projections Hardware & Troop Support - less DLRs

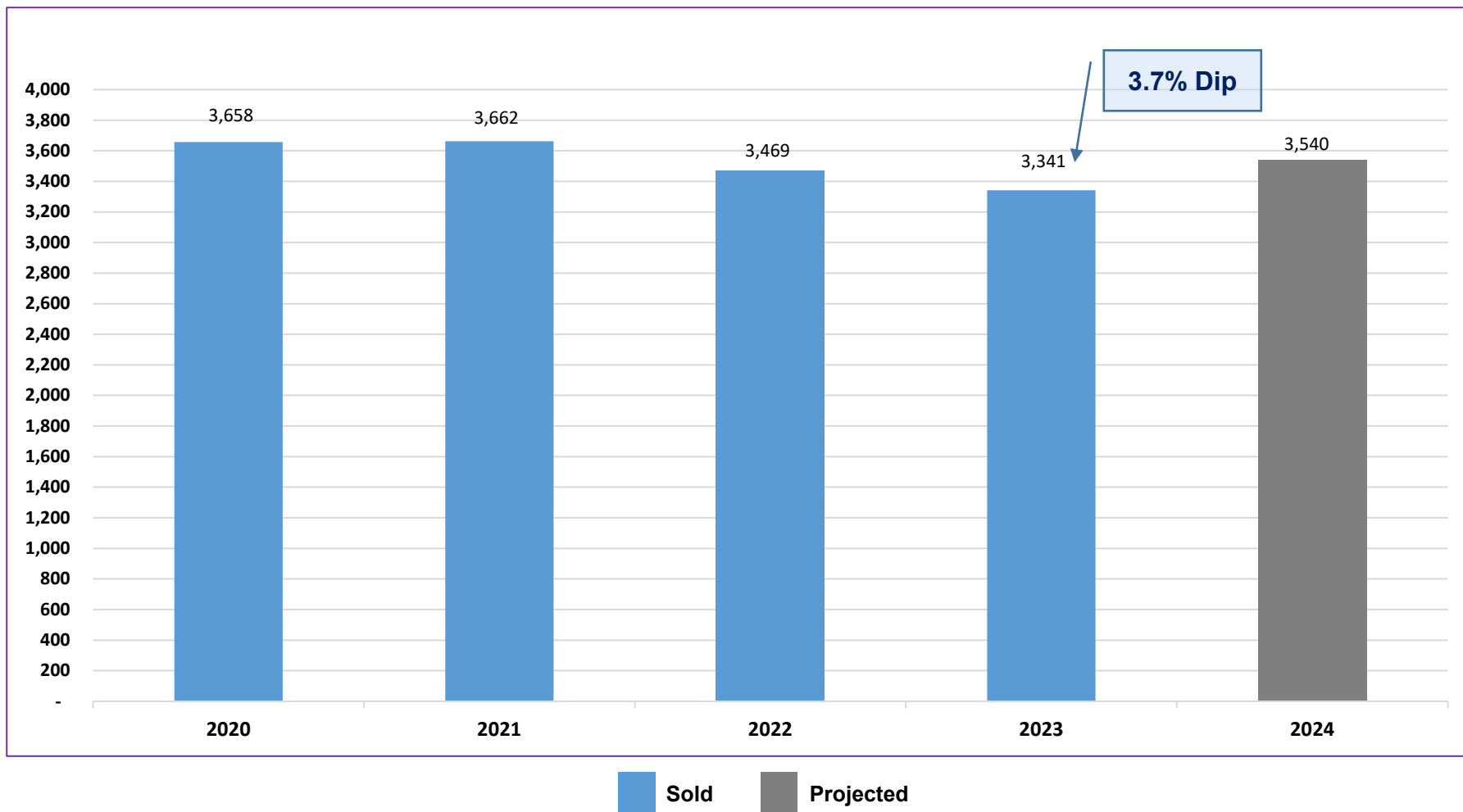


Orders from DLA to Industry estimated to be 5% more to 9% less, compared to FY23



Projected Demand DLA Energy

Net Sales of Petroleum
Millions of U.S. Gallons





Contested Logistics

“An environment in which the armed forces engage in conflict with an adversary that presents challenges in all domains and directly targets logistics operations, facilities, and activities in CONUS, abroad, or in transit.” - 10 USC § 2926(h)



Developing
Future
State

Planning Factors

- Adversary action in competition and conflict *simultaneously*
- Persistent, enduring, and dynamic
- No supply chain exists in isolation
- Promote transformational solution to achieve *readiness*, *responsiveness*, and *resilience* to the Warfighter.

Current Efforts in a Contested Environment

- Warstopper
- Supply Chain Risk Management
- Defense Industrial Base Campaign of Learning (DIBCoL)
- Digital Business Transformation (DB-X)
- Regional Sustainment Framework (RSF)

Adversarial **intent** is central to the concept, although methods vary widely.



Contested Logistics Environment

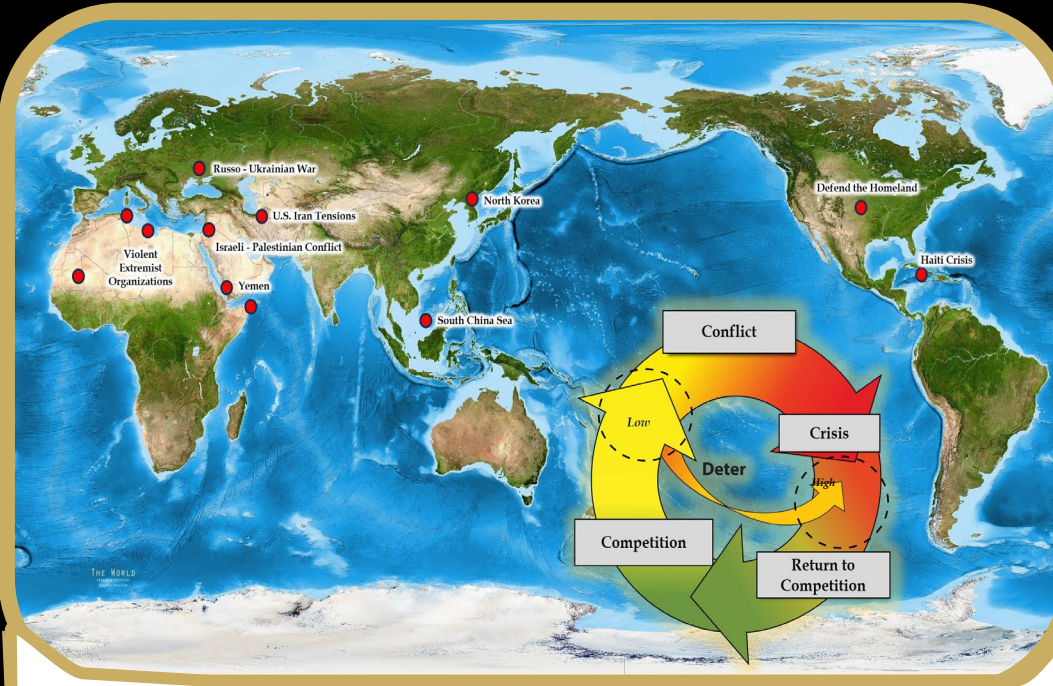
Logistics contested by adversaries in all domains and at all levels of war, overseas and in the Homeland.

People

- Warfighter Culture
- Target the "Right" Skill Sets
- Data Acumen
- Intellectual Agility
- Leader Development

Precision

- Data-Driven Decision Support
- Predictable Demand Forecasting
- Data Integration
- Artificial Intelligence
- Machine Learning



We are in a transformative era in which the efforts of our Services and combatant commands are contested by our adversaries. This decisive decade requires DLA to think, act, and operate differently to better support the Warfighter.

Posture

- Presence, Position, & Stance
- Global Resilience Initiative
- Supply Chain Resilience
- S⁴: Sensor → Shooter → Sustainer → Supplier
- Warstopper Program
- Advanced Manufacturing

Partnership

- U.S. DoD & Joint Force
- Allies & Multinational
- Defense Industrial Base
- Academia
- Community Partners

Levels: National Strategic - Theater Strategic - Operational - Tactical

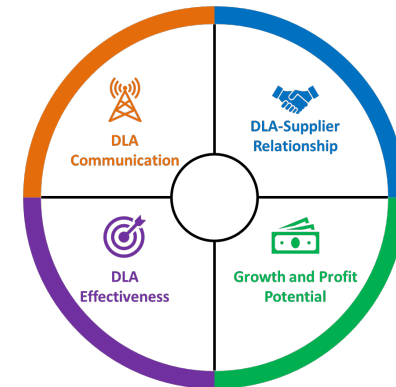
Domains: Land - Sea - Air - Space - Cyber



3rd DLA Enterprise Supplier Survey

Survey Conducted 24 Oct 22 - 10 Feb 2023

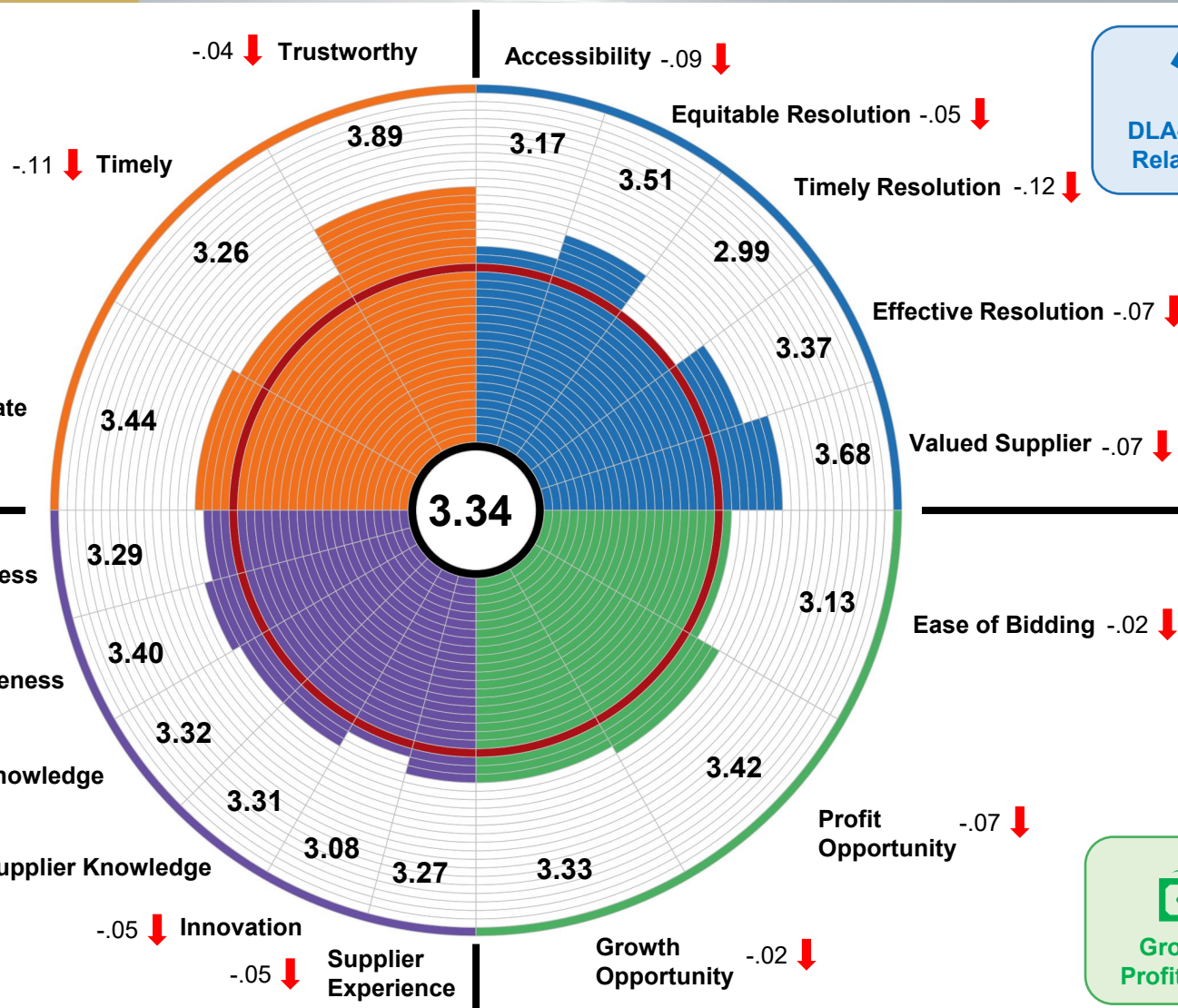
- Overall survey score slightly down compared to 2020: 3.41 to 3.34 --.07
- Largest Decreases:
 - Timeliness -0.11
 - Timely Resolution -0.12
- External events have challenged DLA's systems
 - Inflation:
 - 99% stated they are experiencing impacts from inflation
 - 68% are experiencing Severe or Significant impact
 - Supply-chain disruptions:
 - 88% stated they are experiencing impacts from Supply Chain Disruptions
 - 42% are experiencing Severe or Significant impact
- Supplier Comments
 - 774 Comments Reviewed
 - Issue Resolution, Responsiveness, and Communication seemed to be the biggest supplier challenges
 - 15% - 113 made a positive remark



	2018	2020	2022
Number of Responses	2,999	2,853	2,507
Response Rate	38.4%	34.4%	38.9%
Overall Rating	3.30	3.41	3.34
Highest Rated Factor	Trustworthiness	Trustworthiness	Trustworthiness
Lowest Rated Factor	Innovation	Timely Resolution	Timely Resolution



2022 DLA Average Rating





Survey Action Plan Highlights and Industry Communications

Enterprise

- **Survey Action Plan Highlights:**
 - Communication is Key
 - RFP streamlined and less complex sections L & M
 - Acquisition modernization: DIBBS next generation and auto awards
 - Increased automation with suppliers
 - Supplier Portal
- **Industry Communications:**
 - Collider Day (Sept 10, 2024)

Aviation

- **Survey Action Plan Highlights:**
 - Vendor Information Hub
 - Live Help Desk Pilot
 - Aligning processes across MSCs and DCMA (RFV Processing)
- **Industry Communications:**
 - Webinars and Small Business Engagement
 - Strategic Supplier engagements
 - Senior Executive Partnership Round Table (SEPRT) (Oct 29-30, 2024)
 - DLA Supply Chain Alliance Conference & Exhibition in Richmond, Virginia (June 11-12, 2025)



Survey Action Plan Highlights and Industry Communications

Energy

- **Survey Action Plan Highlights:**
 - Innovative Communication
 - Grow Supplier Relationships
 - Enhance Supplier Experience
- **Industry Communications:**
 - Quarterly Supplier Newsletter
 - Supplier Engagement Webpage
 - Lunch and Learns with Industry
 - Industry collaboration for 2026 WVEC

Land & Maritime

- **Survey Action Plan Highlights:**
 - Deliberate vendor engagements
 - Supply Chain Alliances (SCA)
 - Post award resourcing
 - Single buyer pilot
- **Industry Communications:**
 - Vendor site visits
 - Wargames with Services
 - Outreach/Partnering with OSD/Services on Tactical Energy Storage Supplier Base Requirements
 - Small Business Webinars and Training Knowledge Opportunities
 - Executive-level engagements with Strategic Suppliers
 - Pre-Solicitation and Pre-Proposal conferences.



Survey Action Plan Highlights and Industry Communications

Troop Support

- **Survey Action Plan Highlights:**
 - Streamline acquisition process (i.e., proposal page limits)
 - Increase attendance at industry conferences & seminars to exchange and share ideas.
 - IT Modernization/Develop new/innovative Tailored Logistics Support Programs
 - Enhance internal metrics to increase effectiveness
- **Industry Communications:**
 - Joint Advanced Planning Brief for Industry (Nov. 19-21, 2024)
 - Communicate at Industry Events
 - Meet regularly with industry partners
 - IPRs with TLS/PV Programs and LTC vendors with traditional NSN LTCs
 - Pre-Solicitation and Pre-proposal conferences
 - Web postings

DCSO

- **Survey Action Plan Highlights:**
 - Focus Areas: Timely Resolution, Growth Opportunity, and Ease of Bidding
 - Actions: Leverage tools for proposal submission, streamline evaluation criteria, strengthen relationships with partners (i.e., DFAS), re-align DCSO resources for expeditious resolution, continuing early industry engagement
- **Industry Communications:**
 - Industry Engagement Events (Industry Days, AFCEA Events, etc.)
 - Small Business Training and Outreach
 - In person meetings with DCSO Industry partners



Survey Action Plan Highlights and Industry Communications

Distribution

- **Survey Action Plan Highlights:**

- Focus Areas: Pre-Award Effectiveness, Supplier Knowledge, and Ease of Bidding
- Actions: Strategic Supplier Engagement, Increased Industry Comms, Simplified Procurement Documents

- **Industry Communications:**

- Business Opportunities Forecast provided to Industry in March 2024; next update will be in conjunction with FY 25 DLA Distribution Industry Day
- Small Business Outreach/Capabilities Presentation and Engagement with socioeconomic vendor base
- DLA Distribution Industry Day (FY25 3rd Qtr.)

Small Business

- **Survey Action Plan Highlights:**

- Increase Accessibility through enterprise web podcasts, interactive knowledge base webinars, self service tools, and Small Business Wednesdays
- Enhance efficiency through collaborative process mapping with industry partners to pinpoint cost, time and barrier impacts
- Coordinate with fellow DOD Small Business Offices to implement necessary industrial base adjustments and align efforts where feasible.
- Optimize timeliness by leveraging APEX Accelerators and federal resources to enhance supplier support

- **Industry Communications:**

- Site Visits
- Website Postings
- Involvement with Associations Small Business Committees



Survey Action Plan Highlights and Industry Communications

Disposition
Services

- **Survey Action Plan Highlights:**
 - Public Sales revenue generating contracts recommended for inclusion in next Supplier Survey
 - Collaborative (SB/Contracting), targeted industry engagement, and conference attendance
 - Enhanced industry communication with the intent to mirror procurements to industry standards
- **Industry Communications:**
 - Web postings and advance notice of forecasts for procurement/public sales opportunities
 - Small Business Training and Outreach (multiple 1102 training sessions per month, SB presence at industry events)
 - Disposition Services Industry Summit (to include virtual participation), November 6-7, 2024
 - Institute of Scrap Recycling Industries (ISRI) attendance
 - VETS24, RES2024, DLA Supply Chain Alliance, Southwest Michigan Supplier Readiness Summit, Waste 360 Expo events attended by Small Business, 1102s/1104s, and Operations staff to enhance procurement/public sales strategies, increase competition, and ensure maximum small business participation in upcoming procurements



Our Ask

- Greater Sense of Urgency
 - Decisive Decade
- Improved Supplier Performance
 - Concerning OTD Trends
- Help us understand the DIB contraction
 - Introducing risk or just adjusting to the environment
- Support and Promotion of the DLA Supplier Survey
 - To be released in Fall 2024
- Communicate industry challenges where we can help
 - Partners in Warfighter Support



What Now?

- DLA Strategic Plan
 - <https://www.dla.mil/Info/strategicplan/>
- Learn how to conduct business with DLA
 - <https://www.dla.mil/SmallBusiness/>
- Learn about DLA's Industry Engagement Program
 - <https://www.dla.mil/HQ/Acquisition/Business/Enterprise-Industry/>
- Opportunities will be posted at
 - <https://www.dla.mil/Info/strategicplan/IndustryEngagementPlan/DemandForecast>



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